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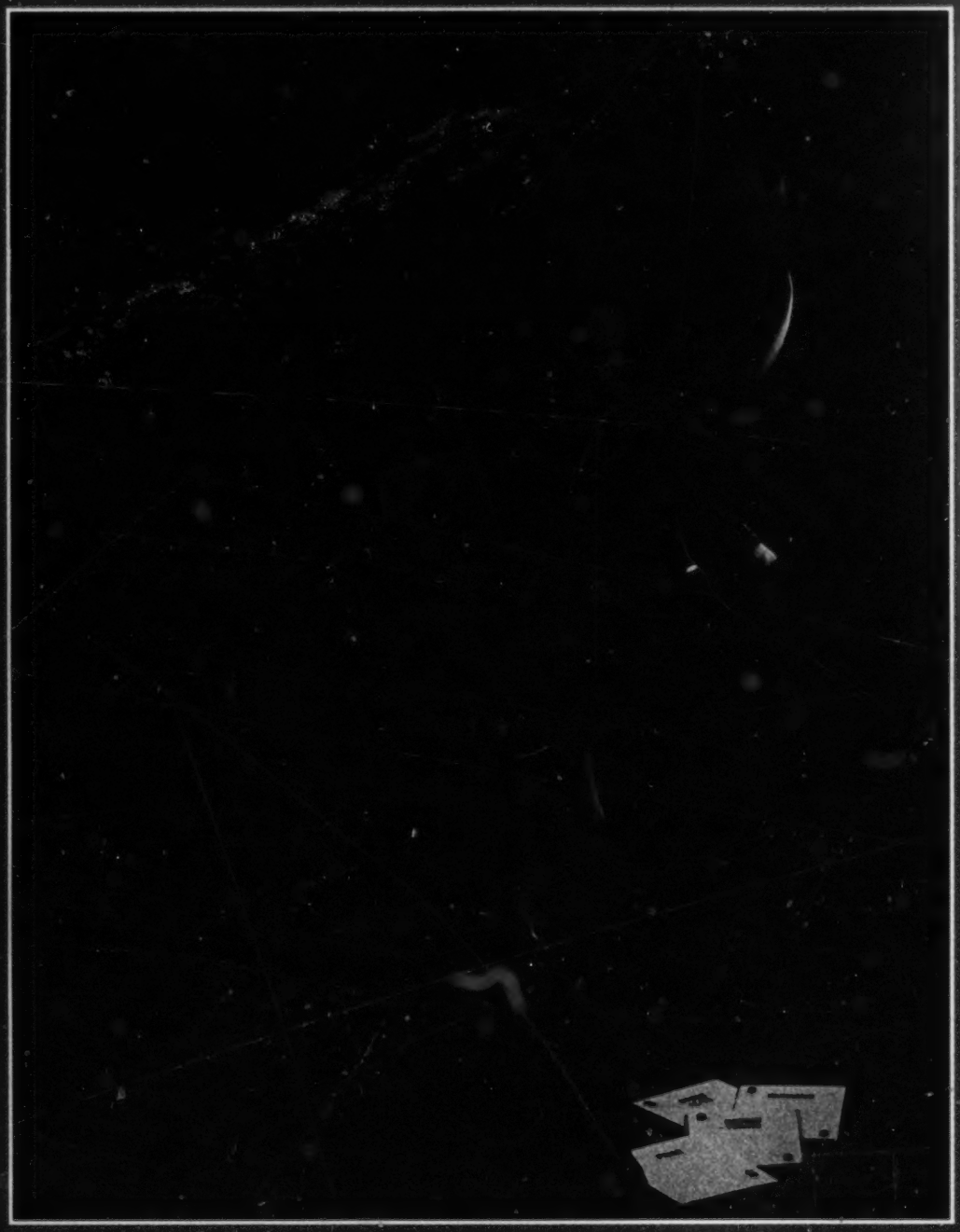
AUTOMOTIVE MARKETING

The Marketing Business Magazine For The Retail Aftermarket

JANUARY 1989



MAKING A DEAL:

How Buyers Buy Product

AM Looks At DIYers From A Regional View!

First, Greenbelt East

New! Retail Operations Series

Chilton's
AUTOMOTIVE MARKETING

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January Issue Volume 18, Number 1

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In this first part of a series on the consumers in different areas of the country and the automotive products they buy, we take a close look at Greenbelt East. What makes the customers who live here different? And, what types of products do they buy? This series will help you better market your store and your products to the customers in this, and other, areas.

How Buyers Buy 32
The buying and selling of aftermarket products is no longer a simple process. Here's a look at the kinds of close-to-the-vest deals today's retail chain buyers are asking for, and getting.

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PUBLISHER'S NOTES

MAKING THE DEALS

Buying automotive parts, chemicals, and accessories, and negotiating the many components of the programs which come with them these days, is certainly more complex than any card game we've ever played. Senior News & Feature Editor John Wirebach looks at the cards being dealt today in this fascinating game of changing buying practices.

The race toward a national parts chain seems to be holding at the regional level. One possible reason why this is true becomes evident as we look at the regional consumer demographics.

For several years, in our *Consumer Automotive Repair Study (CARS)*, we've looked at the automotive do-it-yourselfer on a national basis. This month *AM* begins a series on his/her regional characteristics, based upon the areas' economy, climate, and other sociological and historical factors. We know you'll find these articles by expert Research Editor P.R.N. Katcher helpful. Our thanks to Hayden Inc. for sponsoring this series in 1989.

And yes, we'll publish our sixth national *CARS* report in March!

Detailing The Market has expanded its headline coverage of our industry's news, and also carries the first of Bill Johnson's columns on time management, certainly a crucial skill these busy days.

Let us hear from you!

Sarah Frankson
Publisher

DETAILING THE MARKET

IN-STORE FOCUS

Brad's Auto Parts Centers
Headquarters: 4946 S. Union St., Tulsa, OK 74107
(918) 445-0092
Stores: 12
Total Corp. Sales: $8,000,000
Average SKUs: 15,000
Founded: 1977

Brad with his friends John R. Seal and Jim Flemings

Brad's was not always Brad's. It took an inspired advertising campaign and a cartoon gimmick to turn it into the thriving business it is today.

It all started in 1977, when Jim Flemings and Gary Davis teamed up to form AP & Supply, a single store then aimed at the professional and semi-professional auto parts customer. Davis was (and is) the owner of Mathews Automotive Warehouse, a WD fixture in the Tulsa, OK, area for decades. The idea in forming AP & Supply was to service Mathews' wholesale customers. The store didn't begin as a true auto aftermarket retailer as we know it today, but, as one company spokesman said, "quasi retail/quasi wholesale."

The business enjoyed a measure of success, expanding steadily into the greater Tulsa metropolitan area. And there were some philosophical changes along the way. In the ten years from 1977-1987, AP & Supply gradually assumed a more retail format until it reached a customer mix of roughly 80% DIY, 20% professional. This shift came about for a number of reasons, according to John R. Seal, vice president marketing. "First of all, wholesale competition got fierce," he explained. "Every time we opened up or moved into new quarters, we'd face heavy competition from NAPA Master Installer programs and specialty warehouses." The customer base was changing as well. "Over the years, it became obvious that the shift was toward retail," Seal said, explaining how APS leaned more and more toward the DIYer.

And then came "Brad." This promotional cartoon character began to appear in 1985. "Brad" appeared as part of an ad on the sports pages of two major newspapers. "Having that character made the ad so unique, it stood out," Seal said. As APS grew and more stores were acquired, the promotional character became increasingly popular with the public, until he became a Tulsa fixture. That's when the idea of a chain-wide name change began to form.

"In late 1987, we had 11 stores, soon to be 12," Seal explained. "We needed a vehicle to advertise – and we changed the name of the business." The new name came directly from the cartoon character – Brad. The change from APS to Brad's had gratifying results. Dollar volume for the chain as a whole increased roughly 5-10%. There was a measurable increase in customers, and a widened customer base. Most importantly, the chain gained an immediate identity which set it apart from the pack.

The ads continue today, stronger than ever. "We are a very aggressive advertiser," Seal said, in something of an understatement.

The Brad's character still appears in his own cartoon strip, and is also, of course, part of each store's promotional format. But the success of the chain, management feels, is due to the retailing philosophy behind the ads.

"One of the unique things we're doing," Seal said, "is taking the good things auto retailers are doing and combining that with good hard parts coverage like an average WD jobber. Therefore, we attract a large customer base, from mechanics to DIYers."

Three of the stores, for instance, feature a paint, body, and equipment section for the sophisticated DIYer or professional. Customers who patronize these departments can find a full selection of paints, primers, and tools ("we can get sprayers for them as well," Seal said). There is also a complete automotive machine shop in one store. "This is a one-stop deal, a guy can get a valve job, rebuild and balance his engine and so forth," Seal explained.

The stores in general, however, are traditional in design, with the parts counters at the back and the cash registers up front. The chain is headed toward a standardized format at this time, but "substantial layout differences," Seal said, have prevented a complete standardization. The largest stores are 8-10,000 sq. ft., and the smallest 4,000 sq. ft., although these are gradually being phased out and replaced with larger stores. Each store carries a complete inventory of parts, a wide range of accessories, including such items as floor mats and car stereos, a complete performance department, and a strong mix of chemicals, waxes, and oils.

Parts are the big money makers, with oil, spark plugs, filters and the like as loss leaders. Having the Mathews warehouse behind the business helps considerably. "We have access to 100,000 parts numbers," Seal said. "Trucks run seven days a week." That means a customer of Brad's is assured of fast service. To further provide that service, Brad's is open seven days a week: 7 a.m.-10 p.m. Monday through Saturday, and 8 a.m.-8 p.m. on Sundays.

More stores are planned for the near future. "We'd like to saturate the greater Tulsa metropolitan area," Seal said. "There are many bedroom type communities we'd like to infiltrate."

To beat the competition, "We try to be price competitive as much as we possibly can," continued Seal. "We offer more complete hard parts coverage. And our employees are so much more experienced. We have well paid, highly trained employees."

Asked how the chain manages to find and keep good help, Seal answered: "We grow our own." The chain has a video library and holds regular clinics for its employees – it even maintains a classroom for employees in one of its stores. The employees are taught the philosophy that keeps Brad's going: "We never say no to a sale."

DETAIL

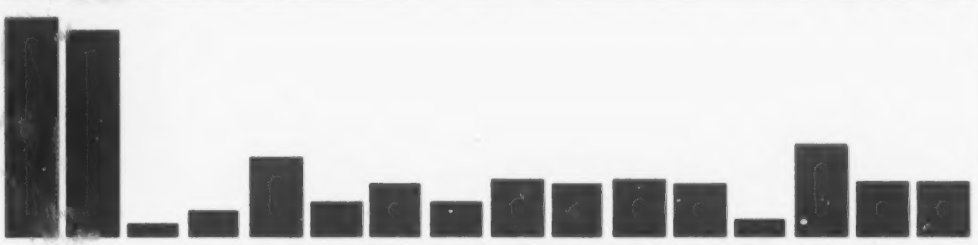
13%

of cars sold in 1987 came with manual transmissions, almost twice as many as the 7% sold with manual transmissions in 1974, according to the Automoitve Information Council.

PROFILE: MUFFLER OR PIPE DIYers

Drawing from the 1988 *Automotive Marketing Consumer Automotive Repair Study*, we look at DIYers who purchased and installed mufflers or pipes during the year prior to the study.

			Age					Income				Hours Per Month Spent On DIY			
Total	Male	Female	-25	25-34	35-44	45-54	55 +	-$20K	$20-30K	$30-40K	+ 40K	-1 Hrs	1-5 Hrs	6-10 Hrs	11 + Hrs
100.0%	93.6%	6.3%	12.1%	35.9%	16.2%	22.8%	13.0%	25.6%	19.8%	25.6%	24.1%	8.3%	41.9%	24.9%	24.8%



MARKET LINE

Tire Dealers See Slow Growth In Sales, But Rapid Growth In Service

Selling service work is the ticket for tire dealers today. As Tony Hylton, communications director of the National Tire Dealers and Retreaders Association (NTDRA), Washington, DC, put it, "It boils down to a matter of survival."

Not that tire sales are slumping. Tire dealers sold about 172 million tires in 1987 for cars and light trucks at an average price of about $51.80 per tire. And it looks as if 1988 sales will finish well ahead of projections at about 180 million tires.

(For a detailed look at which tire manufacturers are selling how many tires, and how they are selling them, see our top November Market Line Story, "*Slow Growth In Tire Sales Forces Consolidation Among Suppliers*" on page 13.)

However, the use of radial tires means that the annual average tire sales per car has dropped from about 1.9 in the 1970s to about 1.1 today. With fewer sales per car, intense competition has driven down prices and margins.

To make up the difference, and because they already have the physical facilities to do so, tire dealers are bidding to become major service centers. Service sales accounted for about 10-15% of tire dealer revenues in the late 1970s, according to the Stern Tire Industry Study, done for the NTDRA by Dr. Louis Stern of Northwestern University in 1983. Today, service accounts for 25-30% of sales for the average independent.

Joe DePaulis, president of Johnny Antonelli Tire Co., Rochester, NY, and president of the NTDRA, noted that there's a 27-30% margin on tires and a 55-60% margin on mechanical work. Still, there are some problems for the tire dealer in service. "First, on tires, you use a low-talent, low-paid individual. But certified technicians are very expensive. You can blow the profit margin away very quickly. Second, the proper equipment is expensive. Four-wheel alignment equipment runs $25,000, and diagnostic machines can be $25,000. Third, and most important, there's little advertising co-op from parts suppliers. You get advertising money from tire suppliers. And in metro markets, advertising is expensive. The rate here in Rochester is almost the rate in Chicago. We can blow our co-op in one weekend."

And co-op is vital. Antonelli feels that tire stores rely on people buying tires for customers; instead, tire stores need regular service customers as well as tire buyers. "People know us as tire stores which happen to do repairs. We have to change our image with some PR work to get the message out that we're not just a tire store any more."

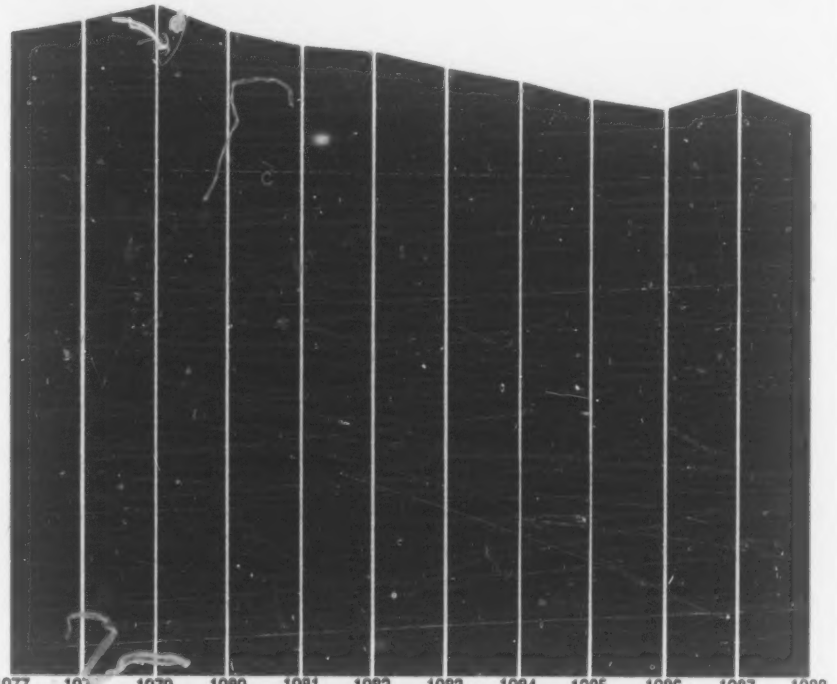
The 24 Johnny Antonelli stores get about 30% of their sales from service. Recently, the chain bought a warehouse to stock parts and sell some excess to tire wholesale customers. DePaulis noted that tire dealers really run two and sometimes three businesses: tire sales and warehousing, a service operation, and now for many, a parts warehouse.

Tire Company Stores

The move to service also applies to tire company stores. Goodyear (1,300 owned

NUMBER OF TIRE RETAILERS

While no one has an exact count of the number of tire retailers, we can get an idea of the total by checking the number of tire retailers listed in the Yellow Pages under "Tire Dealers-retail." A year by year count since 1977 shows a steady decline in tire retailers. The number of tire outlets has declined by about 8,000 since 1979.



1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
48,491	49,260	50,485	48,593	47,460	47,136	45,982	44,965	43,656	42,927	44,387	42,352

Source: Yellow Pages Research Group/American Business Lists, Omaha, NE

stores) and Firestone (over 1,500 owned stores) are the majors while General Tire owns about 80 stores and Michelin recently bought 67 Tire Kingdom outlets in FL.

Although tire company-owned stores control only 11% of the tire market, their share climbed about 2% in recent years. Independent tire dealers fear the tire companies are buying distribution at their expense.

For example, Goodyear Tire and Rubber, Akron, OH, has purchased almost 400 independents in the past three years. Dave Russ, a Goodyear spokesman, noted, "We kind of want to avoid the image of gobbling up independents; it's not so." Independent competitors believe differently. Goodyear owns 1,300 stores, franchises about 600, and sells to some 4,000 independents.

Most Goodyear dealers stock only Goodyear tires. The company does not sell to discounters, and independents must buy through Goodyear wholesalers. Goodyear is also the largest OE supplier (about a third of OE sales) and many customers tend to replace OE tires with the same brand, which is an advantage for the Goodyear dealer.

Goodyear company stores and franchisees all operate Goodyear Certified Auto Service within the shops. In 1983, Goodyear concluded a deal with the AAAD programmed distribution group (Parts Plus) to supply repair parts to its tire stores, solving its warehousing problem. The company operates 17 full-time training centers. We estimate service business is worth about $500 million yearly to Goodyear.

Firestone Tire and Rubber Co., Chicago, uses a different approach. Since 1981, expecting slow growth in tire sales, the company invested heavily in service facilities with its Master Care program. Each of its 1,540 Master Care locations has been completely refurbished, equipped with the latest in diagnostic equipment, and the 12,000 service workers retrained in five national and 53 regional centers. As a result, Firestone gets more sales through service than through tire sales.

"We're actively expanding our retail network," Bob Troyer, a Firestone spokesman, said. "We're building new locations in auto malls. We've closed some marginal downtown facilities and we're moving to the suburbs where the customers are. Also, we've told major Firestone independent dealers that if they want to sell out, talk to us first. We recently bought 91 stores in Texas and eight stores in Phoenix. We're not trying to take over the market, but we're willing to talk."

Firestone retail operations are approaching a billion dollars this year and the service segment is "in excess of $600 million. Service is not growing at the expense of tires," Troyer added. "The service market is boundless. We could easily double the business. To double the tire business, we'd have to steal market share from someone."

Tire Dealers

Stealing market share at the retail level is difficult. Many tire wholesalers are banding together in buying groups of one kind or another. At the same time tire discounting has become a strong part of the market. The fast growing warehouse clubs and tire discounters now hold about a 4% share of the market. The largest discounter is probably Discount Tire, Phoenix, with 196 stores and sales of "close to $400 million," according to president Bruce Halle, Jr.

Tire discounters only provide mounting and balancing. In fact, most stores operate with jacks rather than lifts. Their strengths are huge advertising and, usual-

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ly, the lowest price in town. Although several major suppliers refuse to sell to warehouse clubs, tire discounters are aided by small suppliers looking to expand sales.

One type of buying group is the tire co-op. Probably the largest is Metro 25, Detroit, which goes to about 340 outlets through 23 wholesalers. Sales have risen from $36 million in 1981 to $288 million in fiscal 1988 (ending June 30). President Duane Rao, Rao Wholesale Tires, Detroit, likened the program to a programmed distribution group. He said Metro 25 reduces acquisition costs to a wholesale tire dealer by about a third.

"The last ten to 12 years, profit margins have been squeezed for wholesalers," Rao said. "The only way to lay off costs is to do more volume. Stores like Wards and K mart are taking a hard look at the tire market. They either want to grow or get out. As they try and grow, they're putting pressure on the independent. Even in small markets, there's pressure. Put a discounter in a town of 50-75,000 doing 115-120 tires a day, and it'll wipe an independent out. The average small independent only does 15-20 tires a day."

With the tire program in place, and aided by a recent deal with National, a strong private brand, Rao said Metro 25 is now "starting to look at service. We want to tap into the vo-techs of the world. Set up programs to hire the top 15-20 graduates. Use our shops for part-time programs and classes. Show vocational students that the top trainees have a job waiting for them."

Action Auto & Tires

In addition, Metro 25 is now working with Action Auto, Flint, MI. Bob Sabo said the collaboration has made tires the fastest-growing line at Action.

"Basically, we had our Cascade private brand (made by B.F. Goodrich and Kelly-Springfield). But Metro gives us availability of a lot more lines. We never had Michelins, Uniroyals, Nationals before. That's the key: availability. You've got to have a broad selection. Metro services our stores. They buy and warehouse the tires, we just watch our pricing. Basically, the big investment is warehousing. It's not cheap to warehouse tires.

"The reason we did it? We saw tires were 15% of Pep's business according to their annual report (it's actually less, see below). People either buy two or four at a time. Then there's a wheel alignment and balancing. That makes a nice ticket. Tires make a lot of sense. Plus, we can do an inspection. That's the name of the game. You want to get the car on the hoist, you want to inspect it. Hopefully, we'll get a lot of service work out of it."

Tire Franchises

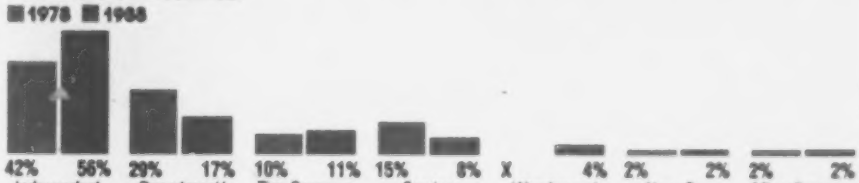
A second type of co-op is the Big O franchise operation in Denver. Bob Wilson, vice president of marketing, said the group has about 296 stores with combined sales of $194 million for 1987. A Big O franchise costs $15,000 and a 2% royalty. Franchisees are required to spend 4% on advertising. Wilson said the key to franchise success is a two-week class training program followed by four-week in-store training each new franchisee must complete.

Big O has its own private brand and Wilson said the group is "close" to aligning with a major national brand. "Service is extremely important. We call our program Extra Care and it's patterned on the Firestone program. Our stores do about 30-35% of sales in service work.

"Several years ago we set a 30% service goal. At the time it was barely 20%. We thought it would take three years, but it was only a year and nine months. We attacked the situation from all sides. We set up an equipment purchasing program, a training program, a financial management program, and determined that all stores would have at least one ASE certified mechanic. Of course, we also advertised the program. We don't want to go higher. We're not encouraging 40-50%

WHERE TIRES ARE SOLD

Between 1978 and 1988, independent tire stores have gained a majority of the tires sold with 56% of the market. The gain has come at the expense of service stations and discount/department stores which have both declined.



Source: *Modern Tire Dealer*, Akron, OH

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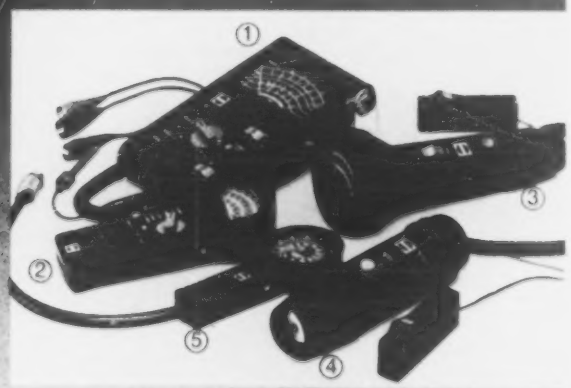

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service sales. We are a tire company."

Currently, parts are sourced through local WDs. But Big O is in the process of setting up a warehouse in each of its five regional centers. "We can handle it now. We have the computer space, the warehouse, the trucks, but we want to move cautiously and make the right decision. There won't be a full program until late 1989." Wilson projects company sales at close to $215 million in 1988.

Independent tire dealers, led by such co-ops as Metro 25 and Big O, have increased their share of market to 56% of the market compared with about 42% in 1978. Much of the tire dealers gains came at the expense of service stations. Service stations have dropped from a 15% share of market to 8%. If oil companies do return to TBA programs, however, the decline could be reversed.

Department and chain store sales share also declined, from about 29% in 1978 to 17% in 1987. Most of the decline has been at the discount store level with such losses as Penney's, which had about a 3% share when it sold off its auto centers to Firestone in 1983. K mart, Wards, and Sears have all lost share in the past ten years.

Much of the decline is due to the lack of price difference between private brands and national brands. Private brands now account for about 32% of the tire market, compared to almost 40% in the late 1970s. As a result, discount stores are now stocking national brands along with store brands. A spokesman for a large Eastern chain store said it was simply a matter of attracting "the half of the market that only buys national brand name goods." Even Sears is adding selected Pirelli lines in its 803 auto centers.

The Auto Chains

The auto chains do surprisingly well at selling tires. For example, the Pep Boys, Philadelphia, Cornell private brand tire has about a 1% share of the tire market. In recent years, tire sales have accounted for about 11% of Pep Boys total sales (not including labor charges). That would make the tire business worth about $55-$60 million to Manny, Moe, and Jack.

There is also Cordovan, a private brand sold almost exclusively by retailers such as R & S Strauss, Guarantee, and others. It has about a 2% brand market share. Then there's Western Auto, Kansas City, (owned by Sears) whose own private label has a 1.5% share in addition to sales of half a dozen national brands.

Western recently acquired NTW (1987 sales: $97 million) and Tire America (1987 sales: $117 million). The two operations have merged to form Tire Warehouse Stores Inc., headed by John Leach. Recently, *Modern Tire Dealer* estimated that Western now controlled about 6.5% of the total tire market. A spokesman for Western said he thought that was a little high. However, he noted that Western was looking to buy more tire outlets.

The Western-Sears combination is making tire dealers sit up and take notice. Metro 25's Rao noted that Sears and Western have about a 16% share of market between them. "That's bigger than Goodyear. They have more units than Goodyear. Sears has been dropping in share, now they're buying share back."

All in all, the tire market seems most to resemble the traditional market where a few dozen large groups and chains have squeezed the Mom and Pop outlets out of the metro markets and into the rural towns. While tires are not a key category for most auto chains, the tire stores with the increased economies through group buying may become serious competitors for service business. ■

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RETAILING TO SPECIAL MARKETS

Not All Truck Owners Alike, Expert Says

Don't expect every mini-truck owner to be alike, Dale Garber, Toyota Racing, Torrance, CA, told attendees of the mini-truck seminar held at the 1988 SEMA/AI Show in Las Vegas. Owners of imported and domestic mini-trucks are very different in ways that must be understood by retailers trying to tap this booming market.

Overall, buyers of Toyota's mini-trucks, as compared to buyers of the country's leading seller of mini-trucks, Ford, are younger, more apt to be female, more apt to be better educated, and more commonly found in other geographic areas from Ford owners.

According to Garber, 60% of 4X4 Toyota mini-trucks were sold to males less than 30-years-old, while just 35% of 4X4 Ford mini-trucks were sold to the same group. In the same way, 40% of two wheel drive Toyotas were sold to that young, male group, while only 28% of Fords went to that group. "The average imported mini-truck buyer is dramatically younger than the domestic buyer," Garber concluded.

In much the same way, 95% of Ford mini-trucks were sold to males, while 86% of Toyotas went to males, meaning a larger proportionate mix of women mini-truck buyers chose Toyotas.

In terms of education, 28% of Toyota buyers had college degrees, while 18% of Ford buyers did.

Garber said median income was roughly the same for Toyota and Ford mini-truck buyers. However, he said, "The 4X4 income is dramatically lower. Some 50% of the under 30 group income goes towards the cost of running a truck." Therefore, it's virtually impossible to sell high-end products for four wheel drive mini-trucks. In much the same way, Garber said, most two wheel drive mini-trucks are used for basic transportation. "Or the buyer has *no* income at all," he said, which makes for poor prospects for aftermarket product sales.

When it came to trade-ins, 23% of those who bought a Toyota mini-truck traded in a domestic car. This compares to 42% of those who bought a Ford mini-truck and traded a domestic car in for it. As an aside, 10% of Toyota mini-truck buyers traded in old Toyotas for their new vehicles.

"The light truck market is extremely regional," Garber said. In two-wheel-drive mini-trucks, domestic models are mostly popular in the North Central, Mid-Atlantic, Southeast, and Gulf State regions of the U.S. Imports sell at a ratio of three to one in the Southwest. In 4X4, imports are more popular than domestics in the Northeast, Southeast, Gulf States, and Southwest. The 4X4 domestics have no advantages in any particular geographic region.

"The why for these differences is found in psychographics," Garber said. "That's why generally imported mini-trucks are found on the West Coast and in the Sunbelt while domestic mini-trucks are found in the industrial areas. It relates to the average age of the buyers in those regions."

Generally, a retailer hoping to tap this booming market has to first determine the type of mini-trucks in his area, domestic or imported. Then he must vary his product mix and marketing approach to reach the mini-truck owners. ■

LETTER

Duke Says Goodrich Was First With Radial

In regard to our Market Line story on tire suppliers in November, 1988 (page 13), Tom Duke, vice president of the Urda Co., Akron, OH, wrote to say that Michelin did not introduce the first radial tire in America.

"Although Michelin developed the radial tire in 1948 for sale in Europe," Duke wrote, "the American radial tire was introduced in a test market in Dallas by BF Goodrich Tire Co. in 1965. By the early 1970s, several U.S. tire companies were making and selling radial tires; not only BF Goodrich, but Firestone, Goodyear, Uniroyal et al. Michelin, indeed, was selling in the U.S. market in the 1970s, but did not introduce it to the U.S. market until after BF Goodrich." ■

Lost Sales Are Biggest Retailing Problem

Lost sales are the biggest problem in our industry. You want to know about all the lost sales to make decisions on buying," Glenn Staats, president, Cooperative Computing, Austin, TX, said to wholesalers attending the 1988 Purchasing Seminar held by the Automotive Warehouse Distributors Association (AWDA), Kansas City.

Staats said any item requested by a customer that is not in stock should be entered into the warehouse's computerized system and then reported to management for buying consideration. If there are enough lost sales of any particular product, the company should be stocking that product.

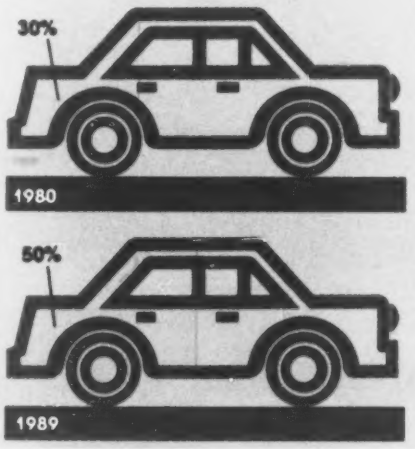
How else does a buyer know what to order? According to Staats: "The best indicator of how many I sell tomorrow is how many I sold today."

There would seem to be a conflict between this and seasonal buying. But, Staats also said that fewer items are actually seasonal items than many people think. "If there's a 20% change in product movement from season to season, it's not really a seasonal product," he said.

Store-to-store transfers should be avoided at all costs. "If you touch an auto part, you don't make any money when you transfer it from store to store." ■

FOREIGN PARTS 1980-1989

According to the Automotive Parts & Accessory Association (APAA), about 50% of all parts in the average vehicle sold in the U.S. in 1989 will either be made by a foreign supplier or will be made by a foreign-controlled supplier such as a Japanese parts maker with a U.S. plant. Only 30% of all parts in the average vehicle sold in the U.S. in 1980 were made by a foreign supplier or were made by a foreign-controlled supplier.



Source APAA

CORRECTION

Truck Numbers

The actual number of light trucks registered in the state of Washington in 1986 was 972,085, not 833,701 as reported in our August issue. ■

A LOOK AT MARKETING REGIONS

by **P.R.N. Katcher**, Research Editor

The United States is actually a group of areas that differ greatly according to their histories, geographies, economies, media habits, weather, and even basic values such as religious beliefs. The differences among these areas, however, are not accurately reflected by state boundaries. Retailers shouldbe aware of the differences as they formulate market plans.

This is a relatively new concept. It was only 28 years ago, in 1961, that U.S. Department of Agriculture demographer Calvin Beale noted in his major study *Economic Areas of the United States* that Western vehicle owners drove light trucks to identify with a rural life style. They didn't have some need to actually haul freight. This was not the case in the rest of the country at that time, Beale noted.

Since then, light trucks may have caught on all over the country as identity rather than necessity vehicles. But back then, Beale used the light truck market to illustrate the very real fact that the U.S. is made up of unique marketing areas.

For example, people in Northern California are much more like people in Seattle than they are like people in Los Angeles. People in Los Angeles, in turn, are more like people in Santa Fe than people in Northern California.

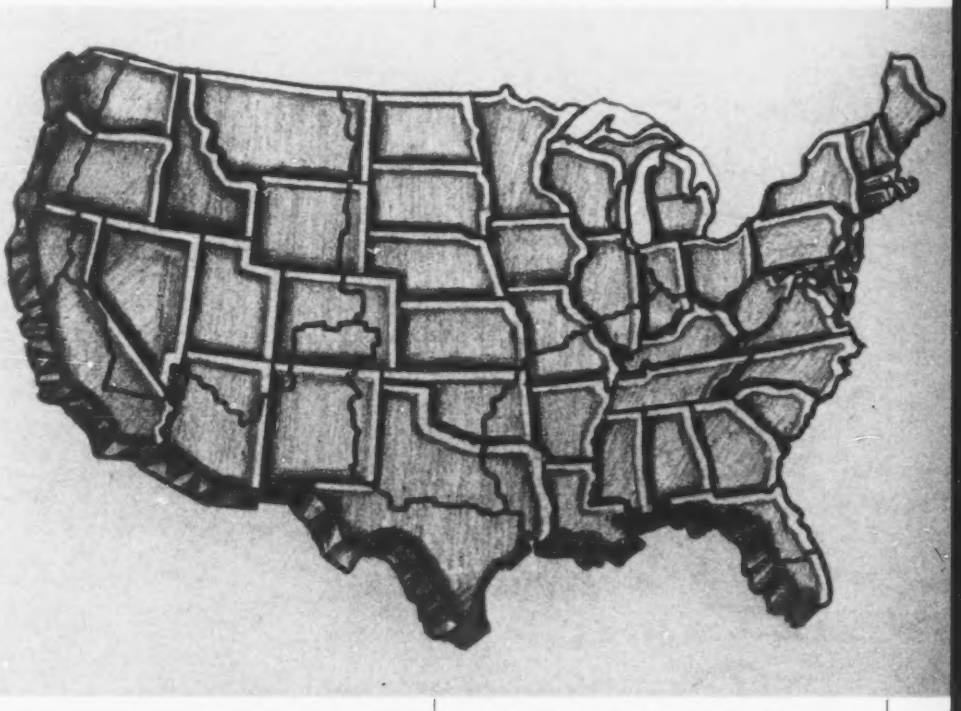
Other demographers soon followed Beale's lead. Vincent Barabba, then executive director of market research and planning, General Motors Corp., Detroit, said that his company developed a regional marketing program during the 1980s. GM's program includes variables such as demographics, the economy, market potential, media habits, politics, purchase behaviors, and weather conditions and altitude. The end result would be, he said, to "match market characteristics to product purchases."

Affecting The Aftermarket

As General Motors has recognized, Americans have long defined themselves, in part at least, by the cars they drive. Therefore, it's no surprise that the boundaries of the actual regions of America can be traced by the differences in car buying and maintaining habits.

As Brad Edmondson, associate editor of *American Demographics*, wrote in the January 1987 issue of that magazine: "Detroit auto marketers have discovered that people in different regions buy cars for different reasons. Four out of ten new cars are sold in California, Texas, Florida, and the tri-state market surrounding New York City, according to R.L. Polk & Co. Inc., Detroit. But peoples' preferences in each of these areas are different.

"Northeasteners demand fuel economy and front-wheel drive for snowy roads. The South and Southwest are national centers for sales of pickup trucks. Texans are 7% of the population, but they buy 10% of all trucks; Texas is the only state where trucks are the majority of all new vehicles sold. Florida dealers move loads of full-size American cars. But the West is like a foreign province. And because California accounts for 10% of new car sales, domestic automakers take it seriously when they lose ground in the Golden State."



What The Areas Are

Joel Garreau, a cultural geographer like Beale, produced a book, *The Nine Nations of America*, after traveling across the country. In it he defined nine definite, separate regions in North America with very real differences from the other areas. His North America was made up of New England, Quebec, The Foundry (i.e., the Northeast), Dixie, The Breadbasket, The Empty Quarter (i.e., most of the West), The Islands (South Florida and the Caribbean), MexAmerica, and Ecotopia (the Pacific Northwest).

Automotive Marketing has analyzed these areas and has redefined them in terms retailers can use to plan market strategies. The *AM* areas are Greenbelt East (i.e., New England), Megapolis East (that urban belt from New York City's northern suburbs to Northern Virginia), Smokestack East (e.g., most of Pennsylvania and New York States), Old South (the old Confederacy), Smokestack Central (industrialized states including Indiana and Michigan), Grainbelt Central (the Great Plains), Spanish America (Southern California, Arizona, and New Mexico), Caribbean South (around Miami), Desert West (the empty area that includes Montana and Utah), and Greenbelt West (the Pacific Northwest).

We shall look at the unique habits and demographics of the automotive DIYer in some of these areas. We start with Greenbelt East. ■

A LOOK AT GREENBELT EAST

by **P.R.N. Katcher,** Research Editor

The area we call Greenbelt East is the one area of all the *Automotive Marketing* marketing areas that is most like its political borders. Greenbelt East is the New England States, except for several Connecticut counties that are really New York bedroom counties and reflect big city (our Megapolis East area) attitudes and behaviors.

The strong religious beliefs of its founders, harsh winters, and poor soil for farming, have shaped Greenbelt East. The first people to settle Greenbelt East were British, the majority from the cold plains of East Anglia, who came to the New World to build a "city on the mountain," a society governed by God's plan as they knew God's plan to be.

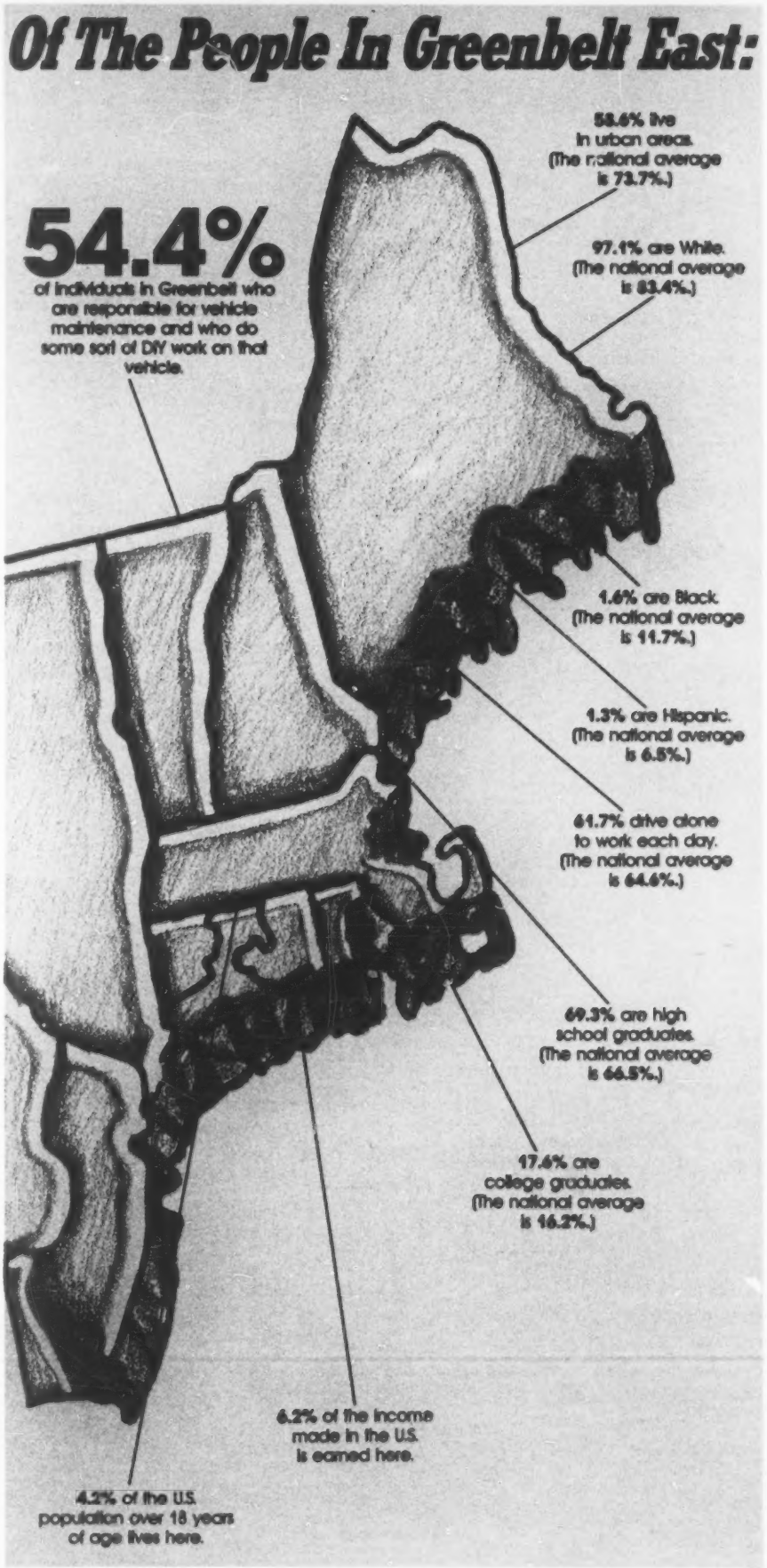
While in recent years ethnic minorities, such as the Portuguese, have settled in Greenbelt East counties, the majority is still Anglo-Saxon. According to the latest U.S. Department of the Census figures, 97.1% of Greenbelt East residents are White, compared to a national figure of 83.4%. Only 1.3% are Hispanic (vs. 6.5% nationally). And, 1.6% of Greenbelt East's residents are Black (11.7% nationally).

Education Levels Are High

Greenbelt East founders were well educated for the 17th Century, many with degrees from Cambridge University colleges. Hence, one of their first tasks in the New World was to establish schools, including Harvard University which was founded in 1636. It is no surprise, therefore, to see Greenbelt East residents outpacing the rest of the nation in educational levels. Today, 17.6% of Greenbelt East residents have college degrees (16.2% nationally), while 69.3% are high school graduates (66.5% nationally).

Farming is today, as it was in 1629, a vital element of the area's economy. Until recently, in fact, there were more cows than people living in Vermont. It should not come as a surprise, therefore, that only 59% of area residents live in urban areas, compared to 74% nationally.

Winters are harsh, with potholed, salted roads wearing out car bodies and suspension systems more rapidly than in other climes. Accordingly, winter products, such as chains and antifreeze/coolant, sell well in this area, as do body repair products and exhaust system components. ■


Of The People In Greenbelt East:
54.4%
of individuals in Greenbelt who are responsible for vehicle maintenance and who do some sort of DIY work on that vehicle.
58.6% live in urban areas. (The national average is 73.7%.)
97.1% are White. (The national average is 83.4%.)
1.6% are Black. (The national average is 11.7%.)
1.3% are Hispanic. (The national average is 6.5%.)
64.7% drive alone to work each day. (The national average is 64.6%.)
69.3% are high school graduates. (The national average is 66.5%.)
17.6% are college graduates. (The national average is 16.2%.)
6.2% of the income made in the U.S. is earned here.
4.2% of the U.S. population over 18 years of age lives here.

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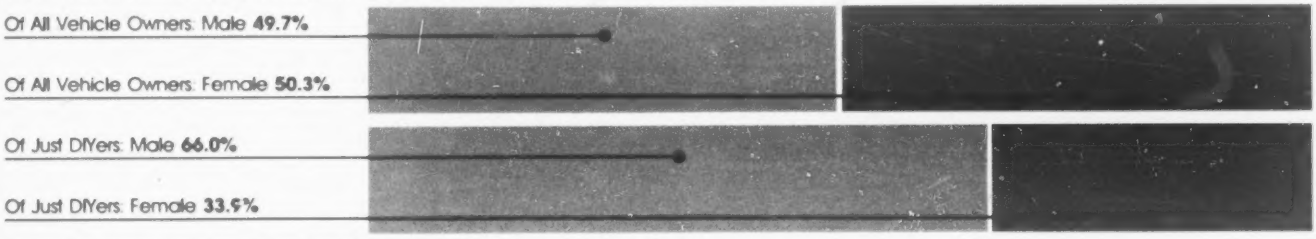
In all, 54.4% of those who live in Greenbelt East and are responsible for taking care of a motor vehicle do some of maintenance work themselves. Another 7.6% aren't actually responsible for maintaining a vehicle, yet also do-it-themselves.

A quarter of the Greenbelt East DIYers we talked with shop for automotive parts, chemicals, and accessories about once a month. Ten percent of them shop for these products monthly. Another 10% shop twice a year, obviously for seasonal maintenance efforts.

On the whole, Greenbelt East DIYers have maintained the same automotive DIY work level, or even increased the level of work they do, over the past five years. In all, 80% of them told us this was the case. Over a quarter of them expect the amount of automotive DIY work they do to increase in the future, as well.

GREENBELT EAST: SEX

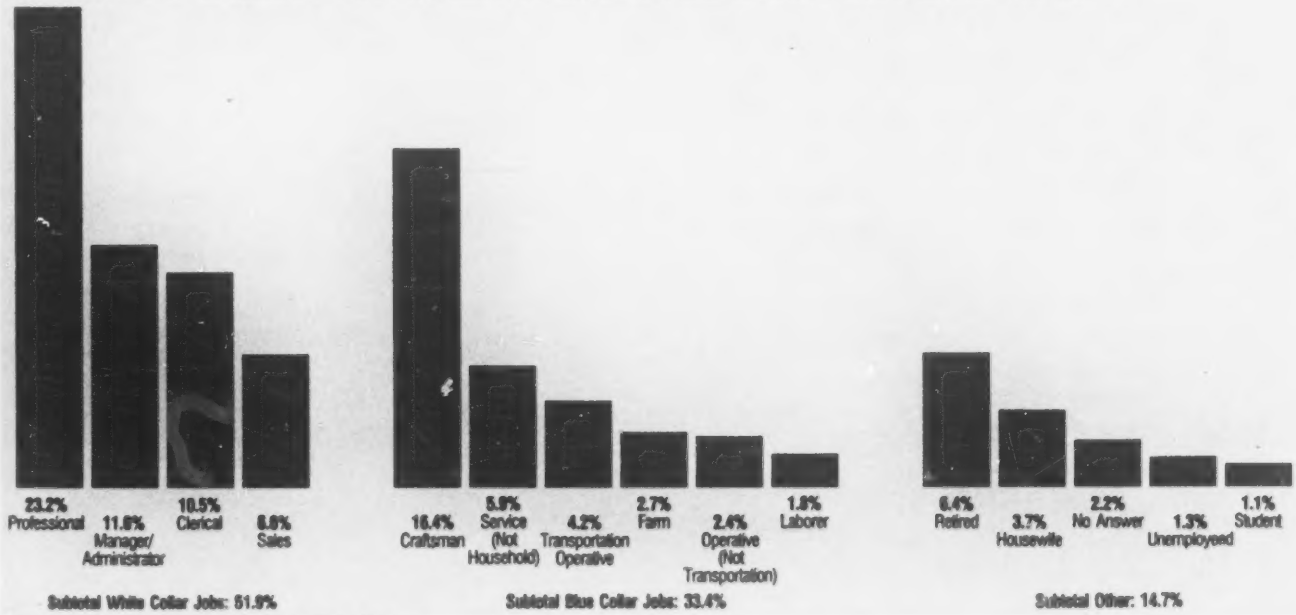
More women own vehicles, but more men do-it-themselves.



Source: 1989 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding

GREENBELT EAST: DIYERS & THEIR PROFESSIONS

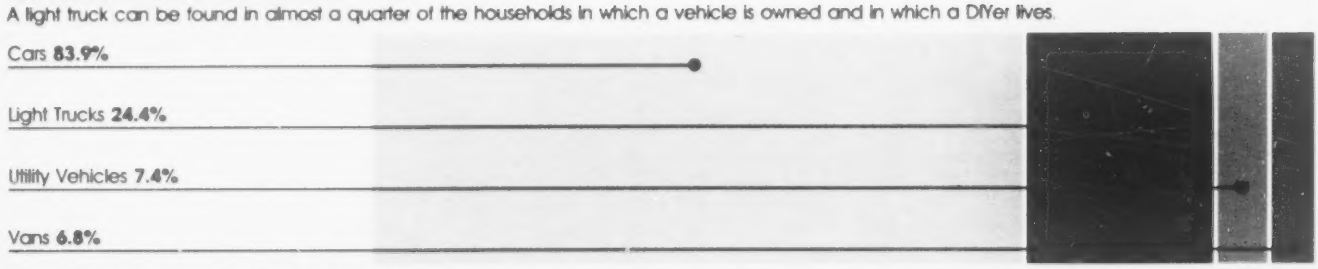
The "Massachusetts Miracle" has meant a change from high unemployment levels to growth in white collar jobs for this region.



Source: 1989 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding and multiple answers

GREENBELT EAST: DIYER VEHICLE TYPES

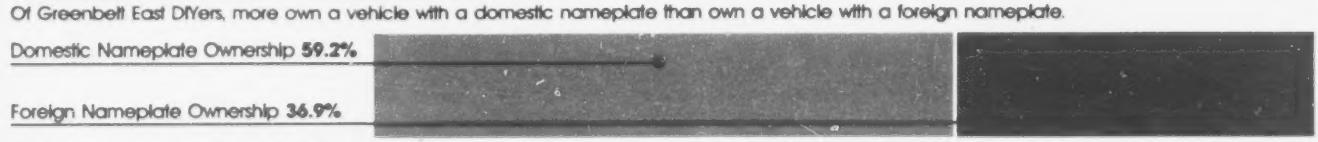
A light truck can be found in almost a quarter of the households in which a vehicle is owned and in which a DIYer lives.



Source: 1989 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding and multiple answers

GREENBELT EAST: DIYERS & THE VEHICLES THEY OWN

Of Greenbelt East DIYers, more own a vehicle with a domestic nameplate than own a vehicle with a foreign nameplate.



Source: 1989 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding

When asked why they increased their work, more than half (51%) said they had increased confidence in their DIY skills. Last year, in our *Consumer Automotive Repair Study (CARS)*, only 29% of all DIYers nationally gave this as a reason for increasing their DIY work.

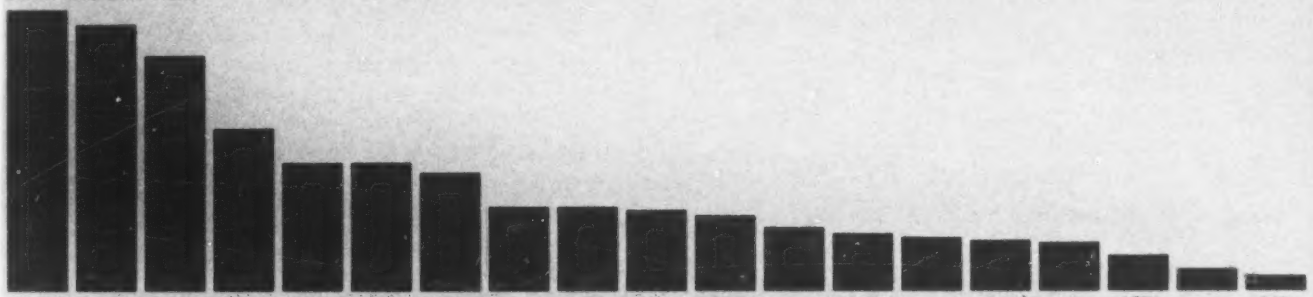
In all, 46% said they increased their DIY level because they enjoy it. However, only 15% said they enjoy doing automotive DIY work a lot and 35% enjoy it "somewhat." The rest enjoy it "not too much" (27%) or "not at all" (23%).

These latter figures may explain the fact that a significant 41% said their DIY work had increased because they had less money to spend on car maintenance.

What do they think they can do? The answer is not as much as the aftermarket retail industry would like. In all, 40% said they could do only "some" DIY jobs, while a significant 24% – almost a quarter – said they could do "almost no" automotive DIY jobs. ■

GREENBELT EAST: DIYERS & THEIR VEHICLES

Domestic vehicles are the most popular among DIYers, but imports are catching up. Here's a list of the most popular makes and the percentage of DIYers who own them.



Source: 1989 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding and multiple answers

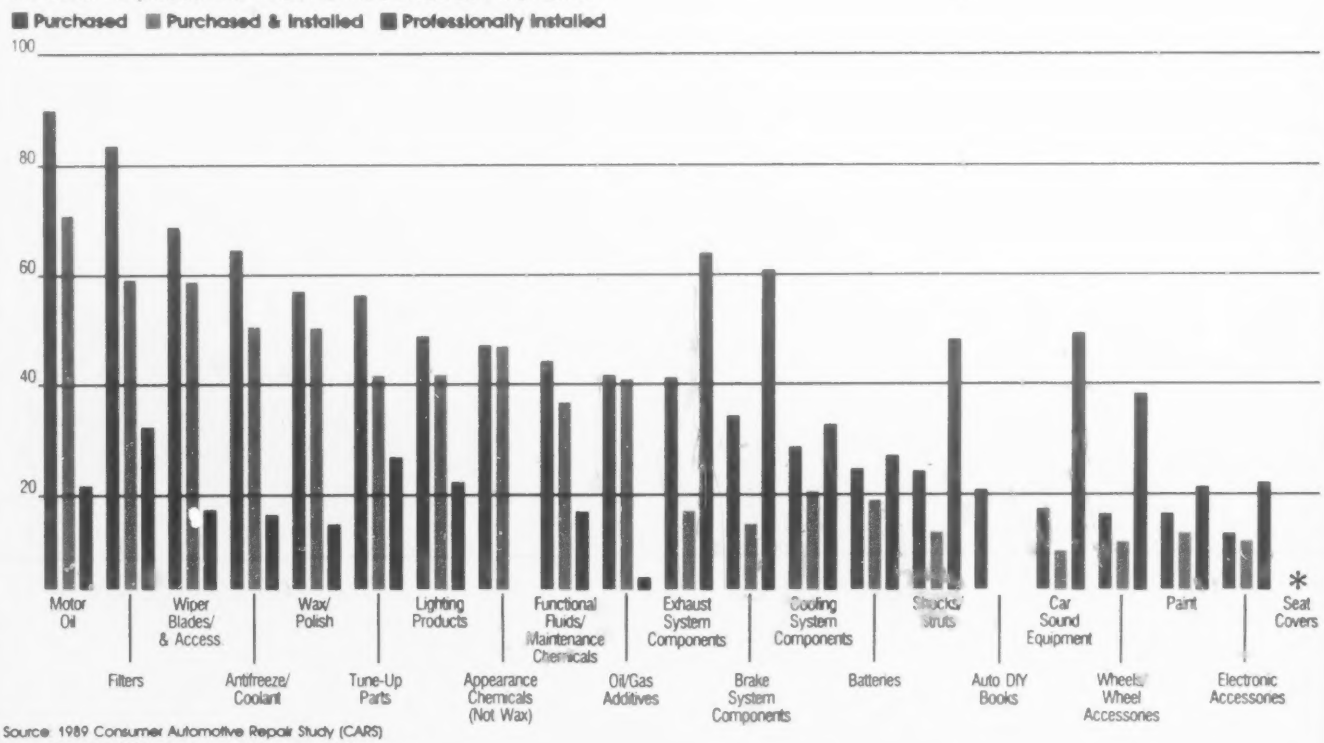
GREENBELT EAST: SHOPPING FREQUENCIES

Of Greenbelt East DIYers, at least a quarter of them shop for automotive products five or six times a year. Here are the three major shopping frequencies.

Source: 1989 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding

GREENBELT EAST: DIYERS & AUTOMOTIVE PRODUCTS

The easier the product is to install, the more DIYers do-it-themselves.



Source: 1989 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding and multiple answers
* Cell too small for accurate measurement

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